

A REPORT TO THE CONGRESS ON  
EXECUTIVE ORDER 12938

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MESSAGE

FROM

**THE PRESIDENT OF THE UNITED STATES**

TRANSMITTING

A REPORT ON THE NATIONAL EMERGENCY DECLARED BY EXECUTIVE ORDER NO. 12938 OF NOVEMBER 14, 1994, IN RESPONSE TO THE THREAT POSED BY THE PROLIFERATION OF NUCLEAR, BIOLOGICAL, AND CHEMICAL WEAPONS ("WEAPONS OF MASS DESTRUCTION") AND OF THE MEANS OF DELIVERING SUCH WEAPONS, PURSUANT TO 50 U.S.C. 1703(c)



JUNE 14, 2000.—Message and accompanying papers referred to the Committee on International Relations and ordered to be printed

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U.S. GOVERNMENT PRINTING OFFICE



*To the Congress of the United States:*

Enclosed is a report to the Congress on Executive Order 12938, as required by section 204 of the International Emergency Economic Powers Act (50 U.S.C. 1703(c)) and section 401(c) of the National Emergencies Act (50 U.S.C. 1641(c)).

WILLIAM J. CLINTON.

THE WHITE HOUSE, *June 14, 2000.*



## REPORT TO CONGRESS ON EXECUTIVE ORDER 12938

On November 14, 1994, in light of the dangers of the proliferation of nuclear, biological, and chemical weapons (“weapons of mass destruction”—WMD) and of the means of delivering such weapons, I issued Executive Order 12938, declaring a national emergency under the International Emergency Economic Powers Act (50 U.S.C. 1701 *et seq.*). Under section 202(d) of the National Emergencies Act (50 U.S.C. 1622(d)), the national emergency terminates on the anniversary date of its declaration unless, within the ninety-day period prior to each anniversary date, I publish in the *Federal Register* and transmit to the Congress a notice stating that such an emergency is to continue in effect. The proliferation of weapons of mass destruction and their means of delivery continues to pose an unusual and extraordinary threat to the national security, foreign policy, and economy of the United States. I therefore advised the Congress that the national emergency declared on November 14, 1994, and extended on November 14, 1995; November 12, 1996; November 13, 1997; and November 12, 1998; must continue in effect beyond November 14, 1999. I accordingly extended the national emergency declared in Executive Order 12938, as amended, on November 10, 1999.

The following report is made pursuant to Section 204(a) of the International Emergency Economic Powers Act (50 U.S.C. 1703(c)) and Section 401(c) of the National Emergencies Act (50 U.S.C. 1641(c)). It reports actions taken and expenditures incurred pursuant to the emergency declaration during the period November 1999 through April 2000. Additional information on nuclear, missile, and/or chemical and biological weapons (CBW) nonproliferation efforts is contained in the most recent annual Report on the Proliferation of Missiles and Essential Components of Nuclear, Biological and Chemical Weapons, provided to Congress pursuant to Section 1097 of the National Defense Authorization Act for Fiscal Years 1992 and 1993 (Public Law 102–190), also known as the “Nonproliferation Report,” and the most recent annual report provided to the Congress pursuant to Section 308 of the Chemical and Biological Weapons Control and Warfare Elimination Act of 1991 (Public Law 102–182), also known as the “CBW Report.”

On July 28, 1998, in E.O. 13094, I amended section 4 of E.O. 12938 so that the United States Government could more effectively respond to the worldwide threat of weapons of mass destruction proliferation activities. The amendment of section 4 strengthens E.O. 12938 in several significant ways. The amendment broadens the type of proliferation activity that can subject entities to potential penalties under the Executive Order. The original Executive Order provided for penalties for contributions to the efforts of any foreign country, project or entity to use, acquire, design, produce or stockpile chemical or biological weapons; the amended Executive

Order also covers contributions to foreign programs for nuclear weapons and for missiles capable of delivering weapons of mass destruction. Moreover, the amendment expands the original Executive Order to include attempts to contribute to foreign proliferation activities, as well as actual contributions, and broadens the range of potential penalties to expressly include the prohibition of U.S. Government assistance to foreign persons, and the prohibition of imports into the United States and U.S. Government procurement. In sum, the amendment gives the United States Government greater flexibility in deciding how and to what extent to impose measures against foreign persons that assist proliferation programs.

### *Nuclear Weapons*

In May 1998, India and Pakistan each conducted a series of nuclear tests. World reaction included nearly universal condemnation across a broad range of international fora and multilateral support for a broad range of sanctions, including new restrictions on lending by international financial institutions unrelated to basic human needs and on aid from the G-8 and other countries.

Since the mandatory imposition of U.S. statutory sanctions, we have worked unilaterally, with other P-5 and G-8 members, with the South Asia Task Force (SATF) and through the UN to dissuade India and Pakistan from taking further steps toward developing nuclear weapons. We have urged them to join multilateral arms control efforts (in the near term, especially the Comprehensive Nuclear Test-Ban Treaty (CTBT) and the Fissile Material Cut-Off Treaty (FMCT); ultimately the Nuclear Non-Proliferation Treaty (NPT)) and to conform to the standards of nonproliferation export control regimes, to prevent a regional arms race and build confidence by practicing restraint, and to resume efforts to resolve their differences through dialogue.

The P-5, G-8, and UN Security Council have called on India and Pakistan to take a broad range of concrete actions designed to prevent a costly and destabilizing nuclear and missile arms race. The United States has focused most intensely on several objectives that can be met over the short and medium term: an end to nuclear testing and prompt, unconditional adherence to the CTBT; constructive engagement in negotiations on an FMCT and, pending their conclusion, a moratorium on production of fissile material for nuclear weapons and other nuclear explosive devices; restraint in the development of nuclear-capable missiles and aircraft; and adoption of controls meeting international standards on exports of sensitive materials and technology.

Against this backdrop of international pressure on India and Pakistan, high-level U.S. dialogues with Indian and Pakistani officials have yielded little progress. In September 1998, Indian and Pakistani leaders had expressed a willingness to sign the CTBT. Both governments, having already declared testing moratoria, indicated they were prepared to sign the CTBT by September 1999 under certain conditions. Those declarations were made before the collapse of Prime Minister Vajpayee's Indian government in April 1999, which delayed consideration of CTBT signature in India. The Indian election, the Kargil conflict, and the October coup in Pakistan further complicated the issue, although neither country has

renounced its commitment. Both governments say they are taking steps to build domestic consensus for CTBT signature but cannot proceed without this.

India and Pakistan both withdrew their opposition to negotiations on an FMCT in Geneva at the end of the 1998 Conference on Disarmament session, and negotiations got underway for a brief time. However, these negotiations were unable to resume in 1999 and neither India nor Pakistan played a helpful “behind the scenes” role. They did pledge to revise and strengthen their export controls to bring them into closer conformity with international standards on sensitive exports, and have begun expert discussion with the U.S. and others on this subject. In April 2000, India announced welcome revisions to its export control procedures.

The summer 1999 Kargil conflict complicated efforts to continue the Indo-Pakistani bilateral dialogue begun at Lahore; currently there are few encouraging signs that they will re-engage soon. We have agreed to continue regular discussions with India at the senior and expert levels, and will also remain engaged with Pakistan as appropriate. Our diplomatic efforts in concert with the P-5, G-8, and in international fora will also continue.

I discussed these issues on my trip to India and Pakistan in March. In India, we stressed that the United States and India will not be able to reach the full potential of their new relationship without progress in this area. In Pakistan, we also emphasized the importance of progress on regional security and nonproliferation, among other pressing issues.

In October 1994, the United States and the Democratic People’s Republic of Korea (DPRK or North Korea) signed an Agreed Framework which, if fully implemented, will ultimately result in the complete cessation of the DPRK’s nuclear weapons-related program and its full compliance with the NPT. As a first step, North Korea froze construction and operations at its Yongbyon and Taechon nuclear facilities. The freeze remains in place and the IAEA has maintained a continuous presence at these sites since 1994. U.S. experts also remain on-site in North Korea working to complete clean up operations and have completed the canning, under IAEA seals, of spent fuel from the North’s 5-megawatt nuclear reactor.

Serious U.S. suspicions about an underground facility at Kumchang-ni led the U.S. to raise its concerns directly with Pyongyang and to negotiate access to the site. In May 1999, a U.S. Department of State team visited the site and judged it to be neither suitable for plutonium production reactors nor designed for reprocessing activities in its current state. Based on the data gathered by the United States delegation and the subsequent technical review, the United States has concluded that the activities there were not a violation of the Agreed Framework. The United States will conduct another visit to the site in the spring of 2000, and follow up visits will continue as long as U.S. concerns about the site remain.

While the Kumchang-ni visit addressed some of our concerns, future negotiations with the North will seek to discuss ways to allay all of them—in the context of assuring full implementation of the Agreed Framework and improving overall relations. At the March

round of US–DPRK discussions, agreement was reached to schedule further talks in preparation for the visit of a high-level North Korean to Washington, as well as talks related to the DPRK’s missile program and Agreed Framework implementation.

The Nuclear Non-Proliferation Treaty (NPT) is the cornerstone of the global nuclear nonproliferation regime. In May 1999, NPT Parties met in New York to complete preparations for the 2000 NPT Review Conference. The United States is working with others to ensure that the 2000 NPT Review Conference is a success that reaffirms the NPT as a strong and viable part of the global security system.

The United States signed the Comprehensive Nuclear Test Ban Treaty on September 24, 1996. So far, 155 countries have signed and 57 have ratified the CTBT. During 1999, CTBT signatories conducted numerous meetings of the Preparatory Commission (PrepCom) in Vienna, seeking to promote rapid completion of the International Monitoring System (IMS) established by the Treaty. In October 1999, a Conference was held pursuant to Article XIV of the CTBT, to discuss ways to accelerate the entry into force of the Treaty. The United States attended that Conference as an observer.

On September 22, 1997, I transmitted the CTBT to the Senate, requesting prompt advice and consent to ratification. I deeply regret the Senate’s decision on October 13, 1999 to refuse its consent to ratify the CTBT. The CTBT will serve several United States national security interests by prohibiting all nuclear explosions. It will constrain the development and qualitative improvement of nuclear weapons, make the development of advanced new types of weapons much more difficult, contribute to the prevention of nuclear proliferation and the process of nuclear disarmament, and strengthen international peace and security. The CTBT marks a historic milestone in our drive to reduce the nuclear threat and to build a safer world. For these reasons, we hope that at an appropriate time, the Senate will reconsider this treaty in a manner that will ensure a thorough hearing process and a comprehensive debate.

The purpose of the 35-nation Nuclear Non-Proliferation Treaty (NPT) Exporters (Zangger) Committee is to harmonize implementation of NPT Article III.2 to ensure that IAEA safeguards are applied to exports to non-nuclear weapon states of (a) source or special fissionable material, or (b) equipment or material especially designed or prepared for the processing, use or production of special fissionable material. The relative informality of the Zangger Committee has enabled it to take the lead on certain nonproliferation issues that would be more difficult to resolve in the Nuclear Suppliers Group.

At the March 2000 meeting, the Committee approved the Chairman’s report of Committee activities to the 2000 NPT Review Conference (REVCON). The Committee also agreed to continue consideration of possible future adoption of a policy of requiring full-scope safeguards (acceptance by a nation of IAEA safeguards on all its nuclear facilities) as a condition of supply to non-nuclear weapon states. The Committee agreed to an informal meeting with IAEA staff to discuss procedures for keeping the Agency informed on



Trigger List changes and the rationale for such changes, since the Agency uses the Zangger Trigger List as a reference document.

During the past year, two new members have joined the Zangger Committee—Turkey in October 1999 and Slovenia in March 2000.

With 35 member states, the Nuclear Suppliers Group (NSG) is a widely accepted mature, and effective export-control arrangement. The NSG Guidelines go beyond the charter of the Zangger Committee and allow the NSG to control nuclear-related dual-use equipment and materials as well as technology related to both nuclear and dual-use equipment. The NSG has also established a policy of requiring non-nuclear weapon states to accept full scope IAEA safeguards as a condition of nuclear cooperation that also goes beyond the requirements of Article III.2 of the NPT.

NSG membership includes all members of the Zangger Committee, except China, Turkey and Slovenia, plus non-Zangger Committee members Brazil, New Zealand and Latvia. China is the only major nuclear supplier that is not a member of the NSG, primarily because it has not accepted the NSG policy of requiring full-scope safeguards as a condition for supply of nuclear Trigger List items to non-nuclear weapon states. However, China has taken a major step toward harmonization of its export control system with the NSG Guidelines by the implementation of controls over nuclear-related dual-use equipment and technology.

Turkey and Belarus are expected to be accepted as new NSG members prior to the 2000 Plenary in France. The NSG is considering membership requests from Cyprus and Kazakhstan.

The 1999 NSG Plenary meeting in Florence, Italy, *inter alia*: (a) established an Implementation Working Group chaired by the United Kingdom to consider streamlining and restructuring the NSG; (b) mandated the Transparency Working Group to prepare a report on NSG activities for presentation at the 2000 NPT Review Conference by the Italian chair, and (c) accepted offers by France to host the 2000 Plenary and the United States to host the 2001 Plenary.

In Vienna meetings during October 1999: (a) Italy chaired an NSG plenary meeting to confirm agreement to add to the NSG Trigger List the uranium and plutonium conversion equipment recently added to the Zangger Trigger List; (b) the Implementation Issues Working Group began discussion of restructuring proposals; and (c) the Dual Use Consultations considered a report from the Swedish-chaired Components Working Group regarding addition of components to the Dual-Use Regime Annex.

During early March 2000 meetings in Vienna: (a) the Netherlands-chaired Transparency Working Group reached agreement on the report by the NSG Chair to the NPT Review Conference; (b) Italy chaired a meeting to review the status of NSG controls over intangible technology; (c) the Implementation Issues Working Group agreed that restructuring is needed to strengthen the Plenary and to eliminate the current separate Dual Use Regime; and (d) the Components Working Group made progress on a definition of controllable components.

### *Chemical and Biological Weapons*

The export control regulations issued under the Enhanced Proliferation Control Initiative (EPCI) remain fully in force and continue to be administered by the Department of Commerce, in consultation with other agencies, in order to control the export of items with potential use in chemical or biological weapons or unmanned delivery systems for weapons of mass destruction.

Chemical weapons (CW) continue to pose a very serious threat to our security and that of our allies. On April 29, 1997, the Convention on the Prohibition of the Development, Production, Stockpiling and Use of Chemical Weapons and on Their Destruction (the Chemical Weapons Convention or CWC) entered into force with 87 of the CWC's 165 States Signatories as original States Parties. The United States was among their number, having ratified the CWC on April 25, 1997. Russia ratified the CWC on November 5, 1997, and became a State Party on December 8, 1997. As of 1 May 2000, 132 countries (including China, Iran, India, Pakistan, and Ukraine) have become States Parties. Three others will become States Parties during May (30 days after they ratified or acceded): Colombia (ratified 4/5/00); Federal Republic of Yugoslavia (acceded 4/20/00); and Malaysia (ratified 4/20/00).

The implementing body for the CWC—the Organization for the Prohibition of Chemical Weapons (OPCW)—was established on April 29, 1997. The OPCW, located in The Hague, has primary responsibility (along with States Parties) for implementing the CWC. It consists of the Conference of States Parties, the Executive Council (EC), and the Technical Secretariat (TS). The TS carries out the verification provisions of the CWC, and presently has a staff of approximately 500, including about 200 inspectors trained and equipped to inspect military and industrial facilities throughout the world. To date, the OPCW has conducted over 600 routine inspections in some 35 countries. Challenge inspections have not yet taken place. To date, some 200 inspections have been conducted at military facilities in the United States. The OPCW maintains a permanent inspector presence at operational U.S. CW destruction facilities in Utah, Johnston Island and elsewhere.

The United States is determined to seek full implementation of the concrete measures in the CWC designed to raise the costs and risks for any state or terrorist attempting to engage in chemical weapons-related activities. The CWC's declaration requirements improve our knowledge of possible chemical weapons activities. Its inspection provisions provide for access to declared and undeclared facilities and locations, thus making clandestine chemical weapons production and stockpiling more difficult, more risky, and more expensive.

The Chemical Weapons Convention Implementation Act of 1998 was enacted into U.S. law in October 1998, as part of the Omnibus Consolidated and Emergency Supplemental Appropriation Act for Fiscal Year 1999 (P.L. 105-277). The Administration published Executive Order 13128 on June 25, 1999, to facilitate implementation of the Act and published regulations in December 1999 regarding industrial declarations and inspections of industrial facilities. The Administration submitted Schedule 1 and Schedule 2 industry declarations on April 28, 2000, and will submit all other declarations

by the end of June 2000. The first industry inspections took place in early May. Submission of these declarations to the OPCW, and subsequent inspections, will enable the United States to be fully compliant with the CWC. This will strengthen United States leadership in the organization as well as our ability to encourage other States Parties to make accurate and timely declarations.

Countries that refuse to join the CWC will be politically isolated and prohibited by the CWC from trading with States Parties in certain key chemicals. The relevant treaty provisions are specifically designed to penalize countries that refuse to join the rest of the world in eliminating the threat of chemical weapons.

The United States also continues to play an active role in the international effort to reduce the threat from biological weapons (BW). We actively participate in the Ad Hoc Group (AHG) of States Parties. The AHG strives to complete a legally binding protocol to strengthen the 1972 Convention on the Prohibition of the Development, Production and Stockpiling of Bacteriological (Biological) and Toxin Weapons and on Their Destruction (the Biological Weapons Convention or BWC), to promote compliance and to enhance transparency. This Ad Hoc Group was mandated by the September 1994 BWC Special Conference. The Fourth BWC Review Conference (November/December 1996) urged the AHG to complete the protocol as soon as possible but no later than the next BWC Review Conference in 2001. Work is progressing on a draft rolling text through discussion of national views and clarification of existing text. Although major differences in national views persist concerning such substantive areas as on-site activities, export controls, declarations and technical assistance provisions, the United States remains committed to the objective agreed to in the 1996 Review Conference.

I announced in my 1998 State of the Union Address that the United States would take a leading role in the effort to erect stronger international barriers against the proliferation and use of BW by strengthening the BWC with a new international means to detect and deter cheating. The United States Government is working closely with industry representatives to obtain technical input relevant to the development of U.S. negotiating positions and then to reach international agreement on data declarations and on-site investigations.

The United States continues to be a leading participant in the 30-member Australia Group (AG) chemical and biological weapons (CBW) nonproliferation regime. The United States attended the most recent annual AG Plenary Session from October 4–8, 1999, during which the Group reaffirmed the members' continued collective belief in the AG's viability, importance and compatibility with the CWC and BWC. Members continue to agree that full adherence to the CWC and BWC by all governments will be the only way to achieve a permanent global ban on chemical and biological weapons, and that all states adhering to these Conventions must take steps to ensure that their national activities support these goals. At the 1999 Plenary, the Group continued to focus on strengthening AG export controls and sharing information to address the threat of CBW terrorism. The AG also reaffirmed its commitment to continue its active outreach program of briefings for non-AG countries,

and to promote regional consultations on export controls and non-proliferation to further awareness and understanding of national policies in these areas. The AG discussed ways to be more proactive in stemming attacks on the AG in the CWC and BWC contexts.

During the last six months, we continued to examine closely intelligence and other reports of trade in CBW-related material and technology that might be relevant to sanctions provisions under the Chemical and Biological Weapons Control and Warfare Elimination Act of 1991. No new sanctions determinations were reached during this reporting period. The United States also continues to cooperate with its AG partners and other countries in stopping shipments of proliferation concern.

#### *Missiles for Delivery of Weapons of Mass Destruction*

The United States continues carefully to control exports that could contribute to unmanned delivery systems for weapons of mass destruction, and closely to monitor activities of potential missile proliferation concern. We also continue to implement U.S. missile sanctions laws. In April 2000 we imposed sanctions against a North Korean entity and four Iranian entities for missile proliferation activities. These sanctions followed March 1999 missile sanctions against three Middle Eastern entities.

During this reporting period, Missile Technology Control Regime (MTCR) Partners continued to share information about proliferation problems with each other and with other potential supplier, consumer, and transshipment states. Partners also emphasized the need for implementing effective export control systems. This cooperation has resulted in the interdiction of missile-related materials intended for use in missile programs of concern.

In March the United States participated in the MTCR's Reinforced Point of Contact Meeting (RPOC). At the RPOC, MTCR Partners held in depth discussions on various proposals for better addressing the global missile proliferation threat.

During this reporting period, the United States continued to work unilaterally and in coordination with its MTCR Partners to combat missile proliferation and to encourage nonmembers to export responsibility and to adhere to the MTCR Guidelines. Since my last report, we continued our missile nonproliferation dialogues with China, India, the Republic of Korea (ROK), and North Korea (DPRK). Regular discussions with Pakistan at the senior and expert levels have not proceeded since the coup. However, we have remained engaged at the diplomatic level and I addressed our non-proliferation concerns during my visit to Pakistan in March. In the course of normal diplomatic relations we also have pursued such discussions with other countries in Central Europe, South Asia and the Middle East.

In March 1999, the United States and the DPRK held a fourth round of missile talks. We stated our strong opposition to North Korea's destabilizing missile development and export activities and pressed for tight constraints on DPRK missile development, testing and exports. We affirmed that the United States viewed further launches of long-range missiles and transfers of long-range missiles or technology for such missiles as direct threats to U.S. allies and ultimately to the United States itself. We subsequently reiterated

that message at every available opportunity. In particular, we reminded the DPRK of the consequences of another rocket launch and encouraged it not to take such action. We also urged the DPRK to take steps towards building a constructive bilateral relationship with the United States.

These efforts resulted in an important first step. Since September 1999, it has been our understanding that the DPRK will refrain from testing long-range missiles of any kind during our discussions to improve relations. In recognition of this DPRK step, the U.S. has announced the intention to ease certain sanctions related to the import and export of many consumer goods.

In response to reports of continuing Iranian efforts to acquire sensitive items from Russian entities for use in Iran's missile and nuclear development programs, the United States pursued high-level dialogue with Russia aimed at finding ways to work together to cut off the flow of sensitive goods to Iran's ballistic missile development program. During this reporting period, Russia's government created institutional foundations to implement a newly enacted nonproliferation policy and passed laws to punish wrongdoers. It also passed new export control legislation to tighten government control over sensitive technologies and began working with the United States to strengthen export control practices at Russian aerospace firms. However, despite the Russian government's nonproliferation and export control efforts, some Russian entities continued to cooperate with Iran's ballistic missile program and to engage in nuclear cooperation with Iran beyond the Bushehr Unit 1 nuclear power reactor project.

Consistent with the Russian Government's April 1999 announcement of administrative action against the Rector of Baltic State Technical University (BSTU) for his involvement in training Iranian specialists at BSTU, and following our own assessment, the United States announced on April 24, 2000, that it intends to impose trade and administrative penalties on the rector for his involvement with the Iranian missile program. At the same time, the United States also announced its intention to remove restrictions imposed in July 1998 on two Russian entities—INOR and Polyus—which have ceased the proliferant behavior that led to the imposition of penalties. However, trade penalties imposed in July 1998 against five other Russian entities and in January 1999 against three additional entities remain in effect.

#### *Value of Nonproliferation Export Controls*

U.S. national export controls—both those implemented pursuant to multilateral nonproliferation regimes and those implemented unilaterally—play an important part in impeding the proliferation of WMD and missiles. (As used here “export controls” refer to requirements for case-by-case review of certain exports, or limitations on exports of particular items of proliferation concern to certain destinations, rather than broad embargoes or economic sanctions that also affect trade.) As noted in this report, however, export controls are only one of a number of tools the U.S. uses to achieve its nonproliferation objectives. Global nonproliferation norms, informal multilateral regimes, interdictions of shipments of proliferation concern, sanctions, export control assistance, redirection and elimi-

nation efforts, and robust U.S. military, intelligence, and diplomatic capabilities all work in conjunction with export controls as part of our overall nonproliferation strategy.

Export controls are a critical part of nonproliferation because every proliferant WMD/missile program seeks equipment and technology from other countries. Proliferators look to other sources because needed items are unavailable within country, because indigenously produced items are of substandard quality or insufficient quantity, and/or because imported items can be operated more quickly and cheaply than domestically produced ones. It is important to note that proliferators seek for their programs both items on multilateral lists (like gyroscopes controlled on the MTCR Annex and nerve gas ingredients on the Australia Group list) and unlisted items (like lower-level machine tools and very basic chemicals). In addition, many of the items of interest to proliferators are inherently dual-use. For example, key ingredients and technologies used in the production of fertilizers and pesticides also can be used to make chemical weapons; bio-production technology can be used to produce biological weapons.

The most obvious value of export controls is in impeding or even denying proliferators access to key pieces of equipment or technology for use in their WMD/missile programs. In large part, U.S. national export controls—and similar controls of our partners in the Australia Group, Missile Technology Control Regime, and Nuclear Suppliers Group—have denied proliferators access to the largest sources of the best equipment and technology. Proliferators have mostly been forced to seek less capable items from nonregime suppliers. Moreover, in many instances, U.S. and regime controls and associated efforts have forced proliferators to engage in complex clandestine procurements even from nonmember suppliers, taking time and money away from WMD/missile programs.

U.S. national export controls and those of our regime partners also have played an important leadership role, increasing over time the critical mass of countries applying nonproliferation export controls. For example, progress on the following would have been impossible without the leadership shown by U.S. willingness to be the first to apply controls: the seven-member MTCR of 1987 has grown to 32 member countries; several nonmember countries have committed unilaterally to apply export controls consistent with one or more of the regimes; and most of the members of the nonproliferation regimes have applied national “catch all” controls similar to those under the U.S. Enhanced Proliferation Control Initiative. (Export controls normally are tied to a specific list of items, such as the MTCR Annex. “Catch all” controls provide a legal basis to control exports of items not on a list, when those items are destined for WMD/missile programs.)

U.S. export controls, especially “catch all” controls, also make important political and moral contributions to the nonproliferation effort. They uphold the broad legal obligations the United States has undertaken in the Nuclear Nonproliferation Treaty (Article I), Biological Weapons Convention (Article III), and Chemical Weapons Convention (Article I) not to assist anyone in proscribed WMD activities. They endeavor to assure there are no U.S. “fingerprints” on WMD and missiles that threaten U.S. citizens and territory and

our friends and interests overseas. They place the United States squarely and unambiguously against WMD/missile proliferation, even against the prospect of inadvertent proliferation from the United States itself.

Finally, export controls play an important role in enabling and enhancing legitimate trade. They provide a means to permit dual-use export to proceed under circumstances where, without export control scrutiny, the only prudent course would be to prohibit them. They help build confidence between countries applying similar controls that, in turn, results in increased trade. Each of the WMD nonproliferation regimes, for example, has a “no undercut” policy committing each member not to make an export that another has denied for nonproliferation reasons and notified to the rest—unless it first consults with the original denying country. Not only does this policy make it more difficult for proliferators to get items from regime members, it establishes a “level playing field” for exporters.

#### *Threat Reduction*

The potential for proliferation of WMD and delivery system expertise has increased in part as a consequence of the economic crisis in Russia and other NIS. The Administration gives high priority to controlling the human dimension of proliferation through programs that support the transition of former Soviet weapons scientists to civilian research and technology development activities. I have proposed an additional \$4.5 billion for programs embodied in the Expanded Threat Reduction Initiative (ETRI) that would support activities in four areas over FYs 2000–2004; nuclear security; non-nuclear WMD; science and technology nonproliferation; and military relocation, stabilization and other security cooperation programs. Of the \$1 billion Congressional ETRI request for FY 2000, an estimated \$888 million is available: State (\$182 million), Energy (\$293 million) and Defense (\$467 million). We are seeking \$974 million in FY2001.

#### *Expenses*

Pursuant to Section 401(c) of the National Emergencies Act (50 U.S.C. 1641(c)), I report that there were no specific expenses directly attributable to the exercise of authorities conferred by the declaration of the national emergency in Executive Order 12938, as amended, during the period from November 14, 1999 through May 15, 2000.